

27 January 2014

For discussion

Legislative Council Panel on Education

2014 Policy Address Education Bureau's Policy Initiatives

The Chief Executive delivered his 2014 Policy Address on 15 January 2014. This paper sets out the major new education-related initiatives in the Policy Address.

Education: Nurturing the Next Generation

2. The vision and mission of our education policies is to offer all-round and balanced learning opportunities for our students, so as to tap their potential for whole person development and lay the foundation for their lifelong learning, so that they not only learn successfully but can apply what they have learnt. We will adopt an appropriately proactive approach to ensure the quality of education by making further improvements within the framework of the existing policies. Providing 15-year free education and better quality kindergarten (KG) education is our aim. We are committed to providing flexible and diversified study pathways with multiple entry and exit points for secondary school leavers. We will strengthen our life planning and career guidance services and increase the opportunities for youngsters to pursue quality post-secondary programmes. At the same time, we attach equal importance to vocational education and training, which provide valuable credentials and articulation opportunities through a full range of pre-employment and in-service programmes.

A. Kindergarten Education

3. Providing better quality KG education is one of the priorities of the current-term government. We have set up in April 2013 the Committee on Free Kindergarten Education (the Committee) and five sub-committees under it to make recommendation on how to practicably implement free KG education. The Committee and its five sub-committees have been conducting in-depth study on various issues regarding KG education and maintaining communication

with the KG sector to gauge their views. The Committee has also explored short- and medium-term measures to help the KG sector meet their imminent challenges.

4. The Committee submitted in December 2013 a progress report to report on the progress of work of the Committee and propose recommendations to the Government on short-term support measures. After careful consideration, we accept the Committee's recommendations and plan to increase the voucher subsidy of the Pre-primary Education Voucher Scheme (PEVS) by \$2,500 per year in the 2014/15 and 2015/16 school year. This would help alleviate the financial burden of parents in respect of KG education and at the same time help KGs meet the expenditures on teachers' salaries, staffing and other operating costs (including rental). In the 2014/15 and 2015/16 school years, with the proposed rate of increase, the voucher subsidy would be adjusted from \$17,510 per student per annum (pspa) in the 2013/14 school year to \$20,010 pspa in the 2014/15 school year and \$22,510 pspa in the 2015/16 school year. In the 2013/14 school year, the fee thresholds for KGs under PEVS are \$26,260 and \$52,520 for half-day (HD) and whole-day (WD) KG places respectively. With the increase in the voucher subsidy, the fee thresholds for KGs under PEVS would also be adjusted¹. The fee thresholds for HD and WD KG classes would be \$30,020 and \$60,400 respectively in the 2014/15 school year, \$33,700 and \$67,540 respectively in the 2015/16 school year..

5. In addition, we propose lifting the fee remission ceiling under the Kindergarten and Child Care Centre Fee Remission Scheme from the weighted average fees of PEVS KGs to the 75th percentile of the school fees of the respective KGs to provide greater assistance to needy families in facilitating their children's access to quality KG education.

6. The above initiatives serve as one-off relief measures for parents and the KG sector in the 2014/15 and 2015/16 school years. For details of the proposed measures, please refer to the Annex.

B. Information Technology in Education

7. We will soon launch a consultation exercise on the "Fourth

¹ According to prevailing mechanism, the fee threshold of half-day programmes is 1.5 times the PEVS subsidy rate. The fee threshold of full-day programmes is 2 times the PEVS subsidy rate.

Strategy on Information Technology in Education”. One of the key tasks is the phased provision of WiFi facilities in about 1 000 public sector schools and local schools under the Direct Subsidy Scheme (DSS) in order to facilitate more diversified teaching and learning in class. Through the use of mobile learning devices, students can learn anytime at anywhere in the schools and can make use of the various information and interactive functions in the Internet to unleash their creativity, construct knowledge and strengthen self-directed learning so as to become life-long learners with 21st century perspective and competency in information literacy. Other suggested support measures would include enriching the supply of quality e-learning resources to cater for the curriculum development, making good use of e-learning and teaching strategies, enhancing professional training for principals and teachers as well as communication with parents.

8. We urge members of the public to express their views during the consultation period. We will formulate the final proposals in accordance with the outcome of the consultation exercise in the latter half of this year and implement the measures by phases starting from the 2014/15 school year.

C. Strengthening Life Planning for Secondary Students

9. Facilitating the lively and diversified development of Hong Kong’s education system so that students would be given opportunities to develop their potentials and to succeed is one of the major objectives we aim to achieve. To further support schools to help their students to make informed choices for further studies and future career during their secondary schooling and ultimately connect their aspirations with life-long learning, EDB will expand its Career Guidance Team. The Team will step up its support to take forward a paradigm shift in secondary schools to strengthen life planning and career guidance services; enhance collaboration with stakeholders and related organisations in promoting various opportunities for career education and further studies; enhance collaboration with the business sector and related organisations to meet the diverse needs of students and commission non-government organisations (NGOs) to provide career-related learning experiences for students with specific learning difficulties or who are non-Chinese speaking.

10. To further strengthen the support for schools and unleash teachers’ capacity, we will, starting from the 2014/15 school year, provide each public

sector school operating senior secondary education levels with a recurrent cash grant equivalent to the mid-point salary of a graduate teacher. This is to help strengthen the provision and co-ordination of learning activities and career-related events that will help students better understand their interest, deepen their understanding of different trades and enhance awareness of the multiple pathways for future studies and career so as to support their life planning and develop their potentials to a fuller extent.

D. Post-secondary Education

11. The Government is pleased to note that the New Academic Structure has been successfully implemented, thanks to the concerted efforts of the higher education sector. In fact, the Government has invested a lot of additional resources to make this possible, including providing the University Grants Committee (UGC)-funded sector with additional recurrent funding of \$3.5 billion per annum by the 2014/15 academic year, as well as \$5.8 billion of capital grants for the construction of 11 related capital projects. In the meantime, starting from the 2012/13 academic year, the Government has also increased first-year first-degree places in the UGC-funded institutions to 15 000 per annum, and has been progressively doubling senior year intake places to 4 000 per annum.

12. All along, the Government has been striving to provide secondary school leavers with flexible and diversified articulation pathways with multiple entry and exit points through promoting the quality and sustainable development of the publicly-funded and self-financing post-secondary education sectors. We are aware that there have been calls from certain quarters of the community that the Government should increase publicly-funded degree places. Given the expected continuing decline in the number of secondary school leavers over the coming decade, from over 71 000 in the 2012/13 academic year to around 45 000 in the 2021/22 academic year, we need to plan cautiously with due emphasis on both quality and quantity. The 2014 Policy Address has announced that the present term of government will increase subsidised study places through a series of measures, in a bid to provide school leavers with broader and diversified articulation pathways.

(i) Increasing subsidised undergraduate senior year intake places

13. The Government proposes progressively increasing the annual

intake of senior year undergraduate places in the UGC-funded institutions by 1 000, i.e. from 4 000 to 5 000 per annum, with effect from the 2015/16 academic year and during the planning triennium that immediately follows. In other words, by the 2018/19 academic year, 5 000 meritorious sub-degree graduates can articulate to subsidised degree places each year. The UGC will work closely with the institutions to put the additional places to the most effective use.

14. In fact, the Qualifications Framework (QF) provides diverse articulation opportunities for sub-degree graduates. For undergraduate programmes alone, apart from the subsidised senior year intake places, the number of self-financing top-up degree intake places has been doubled from around 3 000 in the 2010/11 academic year to 6 500 in the 2012/13 academic year. In other words, a total of over 10 000 outstanding sub-degree graduates can articulate to local full-time degree programmes every year. Sub-degree qualification also provides graduates a progression pathway to further studies with a view to attaining some professional qualifications. Furthermore, sub-degree qualification is recognised by many universities outside Hong Kong, opening up opportunities for graduates to further their studies. According to the graduate surveys conducted by institutions in 2012 (with a response rate of 84% out of the 24 872 graduates from sub-degree programmes), 53% pursued further studies and 42% were engaged in employment.

(ii) New subsidy scheme to subsidise students to pursue self-financing undergraduate programmes

15. The Government will explore how to practically introduce a new subsidy scheme to subsidise up to 1 000 students per cohort to pursue self-financing undergraduate programmes in selected disciplines. The scheme aims to subsidise senior secondary graduates in pursuing selected self-financing undergraduate programmes, to nurture the talents for industries in keen demand of labour, as well as to encourage the self-financing sector to take into account Hong Kong's economic and social development needs in their programme development. If implemented, the scheme will benefit three cohorts of students in the 2015/16 to 2017/18 academic years, and will then be subject to a review on its effectiveness. EDB will discuss with the relevant bureaux on the implementation details.

(iii) Scholarship Scheme for Studying Outside Hong Kong

16. We need to groom a top cadre of talents with global vision, international network and world-class education, thereby contributing to enhancing Hong Kong's competitiveness as Asia's World City amidst intense competition in a globalised knowledge economy. As such, we recommend that a new scholarship scheme be established starting from the 2015/16 academic year to support up to 100 outstanding students per cohort to study in renowned universities outside Hong Kong.

17. The scholarship scheme will consist of two components, whereby all awardees will receive a non-means-tested scholarship to cover their tuition fees, subject to a ceiling of \$250,000 per annum. In addition, considering that some financially needy students may need additional financial support to study abroad, those awardees passing the means test will receive an additional bursary, subject to a ceiling of \$200,000 per annum, to cover tuition fee in excess of \$250,000 (if any) and provide for other study-related costs and other living expenses. We propose to establish a selection panel comprising community leaders for determining the selection criteria and selecting qualified applicants. The scheme will benefit three cohorts of students, and will then be subject to a review on its effectiveness.

(iv) Mainland University Study Subsidy Scheme

18. The Ministry of Education (MoE) has implemented the Scheme for Admission of Hong Kong Students to Mainland Higher Education Institutions (Admission Scheme) since the 2012/13 academic year, whereby Hong Kong students are exempted from taking the Mainland's Joint Entrance Examination and some Mainland higher education institutions will admit Hong Kong students based on their Hong Kong Diploma of Secondary Education (HKDSE) examination results. The Admission Scheme has been well-received by Hong Kong students since its commencement, with more than 6 500 students submitted applications in the past two years, and a total of about 2 200 offers given by Mainland institutions to Hong Kong students. In the 2014/15 academic year, the number of Mainland institutions participating in the Admission Scheme will increase to 75, covering 14 provinces / municipalities in the Mainland. The Admission Scheme is a Government-to-Government level collaboration project, and EDB of the HKSAR Government has been working in

concert with MoE in implementing and promoting the Admission Scheme in Hong Kong in the past two years. With the increase in the number of students studying in the Mainland and participating in the Admission Scheme, the Admission Scheme plays a pivotal role in broadening the higher education opportunities for Hong Kong students. Furthermore, the Chief Executive has pledged to provide subsidy for attending universities in the Mainland in his election manifesto.

19. In view of the above developments, the Government recommends that the Mainland University Study Subsidy Scheme be rolled out from the 2014/15 academic year so that needy Hong Kong students pursuing studies under the Admission Scheme may receive a means-tested bursary of up to \$15,000 per year during their study period. The scheme is not subject to any quota. The scheme will benefit three cohorts of students and then be subject to a review on its effectiveness.

(v) Other measures

20. In addition, in line with our youth policy of encouraging diversification and pursuit of excellence, a \$100 million scholarship will be set up. Through the mode of full assistance, universities and post-secondary institutions are encouraged to admit about 20 local students who excel in sports, art as well as community service annually starting from the 2015/16 academic year. The Home Affairs Bureau will coordinate this measure.

21. Full implementation of the above measures will offer more opportunities and wider choices for senior secondary graduates to pursue higher education. It is expected that an additional 2 120 subsidised places will be provided to local students to pursue degree education in and outside Hong Kong. Students who choose to further their studies in the Mainland will also receive financial assistance.

22. Regarding the earlier plan to launch the site at Queen Hill military barracks in Fanling for the establishment of a self-financing tertiary institution, the Government has revisited the situation holistically and carefully, taking into account the latest circumstances. In addition to the clear declining trend in the relevant age cohort in the coming ten years, the large scale and rugged topography of the Queen's Hill site require extensive site formation works,

infrastructure as well as associated transport facilities for the development, involving substantial project cost and hence incompatible with the development needs of self-financing tertiary institutions. Having regard to all relevant factors, the Administration considers that putting the Queen's Hill site into alternative use for housing development can better meet the development needs of the society, in line with the principle of optimising land use and in response to the community's keen demand for land for housing development. As reflected in the proposed new initiatives mentioned above, the Government remains firmly committed to promoting quality post-secondary education through a basket of support measures for the self-financing sector, including the existing Land Grant Scheme, interest-free loan scheme, Self-financing Post-secondary Education Fund, Matching Grant Scheme and Research Endowment Fund, etc.

E. Vocational Education

23. Vocational education plays a pivotal role in integrating education and employment. It provides young people and in-service personnel with comprehensive and diversified opportunities in articulation and career development, nurturing the requisite human capital in support of Hong Kong's development. The Government will further strengthen the support and promotion of vocational education, encouraging young people to pursue further studies and join different industries according to their abilities and interests.

(i) Pilot Training and Support Scheme

24. Currently, some industries or trades with specialised skills are facing labour shortage or ageing problems. If we can attract young people to pursue vocational education and develop a career in relevant industries, we will not only provide more opportunities for youngsters to pursue professional development but also help relieve relevant industries of their manpower needs. In this respect, we propose introducing a Pilot Training and Support Scheme at the Vocational Training Council (VTC) to integrate structured apprenticeship training programmes and clear career progression for specific industries meeting the following criteria –

- (a) The industry is facing labour shortage or ageing problems, and it has difficulties attracting new blood;

- (b) The relevant trades covered under the industry require high level of technical or technological content; and
- (c) The industry is willing to collaborate by undertaking to provide allowance or subsidy to trainees, to offer a certain salary level to trainees who have completed the apprenticeship training and are willing to join relevant industries, as well as to provide them with clear progression pathway.

25. The electrical and mechanical industry has already agreed, through a levy collected by the Construction Industry Council, to offer an allowance of \$2,800 per person for 11 months to students in their first year of study in VTC's craft-level programmes. In addition, the Government will offer students an average monthly allowance of \$2,000 during the second to fourth years of the studies (\$1,500 in the second year; \$2,000 in the third year; \$2,500 in the fourth year), if the employers are committed to paying a minimum monthly salary of \$8,000 to students under apprenticeship training and a minimum of \$10,500 upon their graduation. VTC will explore extending the scheme to other industries in keen demand of labour.

26. The scheme will benefit 2 000 students in total for two cohorts of intake to VTC's apprenticeship training programmes for specific industries in the 2013/14 and 2014/15 academic years, targeting Secondary 3 to Secondary 6 school leavers and eligible adult learners.

(ii) VTC's Industrial Attachment Programme

27. With the Government's funding support, VTC has launched a two-year pilot programme to support industrial attachments for student intakes to Government-subsidized higher diploma programmes in the 2012/13 and 2013/14 academic years. The programme aims at enhancing the employability of students and preparing students for a smooth transition from study to work. Given the encouraging results, we propose providing recurrent funding to support the programme starting from the 2014/15 academic year. The programme will also be extended to benefit some of the students pursuing VTC's Diploma in Vocational Education programmes (i.e. programmes admitting Secondary 3 to Secondary 6 school leavers). We estimate that the programme will benefit over 9 000 students every year.

(iii) Promotion of vocational education

28. Currently, some members of the society consider university education as the goal for young people to have a successful pathway in the future. In fact, vocational education plays a pivotal role in equipping students of different aspirations and capabilities with a solid foundation in professional education. Graduates of vocational education programmes can also have promising career prospects and successful career development. We consider it necessary to step up efforts in promoting vocational education to students, parents, teachers, schools and the general public, raising their awareness and recognition of vocational education. To this end, the Government will set up a Task Force on Vocational Education to map out the strategy and measures to promote vocational education effectively in the community.

29. In addition, we will invite VTC to draw up a strategic development plan for its campuses in order to enhance synergy and provide state-of-the-art facilities which are pivotal to enhancing the image and quality of vocational education. Every year, VTC provides about 250 000 vocational education and training places. It operates in more than 20 locations across Hong Kong and some of them have over 20 to 30 years of history. We consider that there is a need for a comprehensive review.

F. Qualification Framework

30. We are striving to develop and promote QF. Since the launch of QF in 2008, we have set up 19 Industry Training Advisory Committees (ITACs), providing learning pathways and encouraging lifelong learning with a view to improving the overall quality of our local workforce. Fourteen of these ITACs have drawn up their Specification of Competency Standards (SCSs), and the other ITACs will complete drawing up their SCSs successively so as to specify the competency standards of various levels of their industries for human resources management purposes. Furthermore, we will continue to support ITACs to implement new initiatives funded by the recurrent provision of \$10 million starting from the 2013-14 financial year.

31. To support the development of QF, we launched Qualifications Framework Support Schemes (QFSS) in 2008 with a time-limited and non-recurrent commitment of \$208 million, to support the healthy development

and implementation of QF. Various stakeholders, including students, practitioners, employers, education and training institutions, as well as quality assurance bodies, are supported by the schemes. The schemes will come to an end later this financial year. Having reviewed the effectiveness of QFSS, we propose to establish a fund of \$1 billion and to use its investment income to provide long-term support for the sustainable development and implementation of the Hong Kong QF. Relevant details will be reported to the Panel on Manpower of the LegCo.

Education: Poverty Alleviation and Supporting the Disadvantaged

32. Poverty alleviation is a priority of this term of government. The Government re-instated the Commission on Poverty in December 2012 to consider policies and measures to prevent and ease poverty. Education is an effective means to facilitate upward social movement. We will enhance support for persons with special needs, including ethnic minorities students and students with special education needs (SEN). We will seek to remove the barriers that hold them back from realising and fulfilling their aspirations. We will also ensure that children and young people enjoy equal opportunities to quality education irrespective of their background.

A. Enhancing Support for Ethnic Minority Students in Learning Chinese Language

33. Starting from the 2014/15 school year, we will allocate \$200 million per year to step up our support for non-Chinese speaking (NCS) students² to facilitate their effective learning of Chinese Language so as to create an inclusive environment in schools. Specifically, capitalising on the existing support measures, we will focus our support on four domains including curriculum planning and development, resource allocation to schools, professional support for teachers and promotion of early adaptation. On curriculum development, we will provide primary and secondary schools in the 2014/15 school year the “Chinese Language Curriculum Second Language Learning Framework” which is developed from the perspective of second language learners, setting out the progressive learning targets and outcomes at different stages, coupled with learning and teaching exemplars, supporting

² For the planning of education support measures, students whose spoken language at home is not Chinese are broadly categorised as NCS students.

learning and teaching materials as well as assessment tools tailor-made to help NCS students overcome the difficulties in learning Chinese as a second language with a view to enabling them to bridge over to mainstream Chinese Language classes and sit for the HKDSE Examination. We will also provide progressively, starting from the 2014/15 school year, an Applied Learning (Chinese Language) subject as an alternative qualification for NCS students to opt for at senior secondary levels, the contents of which would be pegged at QF Levels 1-3 and the results would be recorded in the HKDSE. We are co-operating with different stakeholders to ensure that the relevant qualifications for NCS would be recognised for employment and further studies to multiple pathways. NCS school leavers will also benefit from the development of Vocational Chinese Language courses recognised under the QF to enhance their employability.

34. To facilitate schools' implementation of the "Chinese Language Curriculum Second Language Learning Framework", we will, starting from the 2014/15 school year, increase the recurrent provision for schools. The objective is to enable schools admitting 10 or more NCS students to cater for the diverse needs and aspirations of their NCS students and incorporate the learning and teaching modes which are effective (e.g. intensive bridging, split-class teaching, after-school reinforcement programmes, etc.) into their regular learning and teaching plans with a view to helping NCS students bridge over to mainstream Chinese Language classes. Besides, schools may employ ethnic minority teaching assistants where necessary to foster better communication with NCS parents so as to sustain home-school co-operation. It is worth to note that, we have changed our mode of support to schools (especially the provision of additional funding to offer school-based support for NCS students) in the 2013/14 school year to the effect that the support is no longer confined to a certain number of schools so as to abolish the so-called "designated schools" system³. Instead, all schools admitting 10 or more NCS students have been provided with the additional funding. We envisage that the enhanced funding support to schools to take effect from the 2014/15 school year for supporting NCS students' learning of Chinese Language could in tandem further dampen

³ From the 2006/07 to 2012/13 school years, schools admitting a critical mass of NCS students, having experience in taking care of NCS students, ready to partner with EDB to develop school-based support measures and share experiences with other schools are provided with an annual additional funding ranging from \$300,000 to \$600,000 per annum depending on the number of NCS students admitted, and professional support services for these schools to develop specific school-based support programmes and Chinese Language learning and teaching materials, and share with other schools admitting NCS students through the school support network that the EDB has formed, so that all NCS students will benefit. These schools are in general simply referred to as the so-called "designated schools".

the perception of the so-called “designated schools”. In the long run, NCS parents’ school choices would be widened with NCS students’ integration into mainstream schools and mastery of the Chinese language.

35. On the other hand, we will also provide support to schools admitting a handful of NCS students (i.e. less than 10). Schools may apply for additional funding on a need basis to provide after-school support for their NCS students’ learning of Chinese. The implementation details of the aforesaid provision of recurrent funding to schools (including special schools) would be finalised upon consulting the major stakeholders.

36. As regards professional support for teachers, we will step up our school-based professional support services and on-the-job training for teachers to assist schools in the development of school-based curriculum and learning and teaching materials. Besides, the Professional Enhancement Grant Scheme will be launched under the Language Fund in the first quarter of 2014 to enhance teachers’ professional capability in teaching Chinese as a second language.

37. NCS students’ early exposure to, and learning of, Chinese in daily life and at school is critical to their bridging over to mainstream Chinese Language classes, the earlier the better. We will continue to invite all kindergartens annually to participate in the school-based support programmes offered by subject experts of the Bureau. In parallel, we have enhanced the school-based professional support services for kindergartens admitting NCS children through the “University-School Support Programme”. Besides, we will continue to invite, through the Language Fund, NGOs to organise district-based programmes for NCS children aged 3 to 9 to motivate them to learn Chinese through fun activities such as games and creative arts. In 2013, we have refined the Summer Bridging Programme for NCS students entering Primary 1 and those progressing to Primary 2 to 4 by inviting parents to accompany their children in the Programme. Feedback from participating stakeholders is promising: NCS parents are prepared to continue to collaborate with schools in supporting their children’s learning of Chinese. We will continue to encourage NCS parents to send their children to kindergartens offering a local curriculum and enhance in tandem the school-based support services for kindergartens admitting NCS children for consolidation and sharing of experiences.

38. We will set up a dedicated team in EDB to put in place and monitor the enhanced funding support for schools. We will also formulate a research framework to facilitate the evaluation of the effectiveness of various support measures for NCS students to ensure the quality of the support services and refine individual measures.

B. Enhancing Support for Students with Special Educational Needs

(i) Integrated Education

39. To help schools cater for students with SEN, the Government has been providing public sector ordinary primary and secondary schools with additional resources, professional support and teacher training, including the Learning Support Grant (LSG)⁴ which is calculated according to the number of students with SEN and the tier of support the students require. To further enhance the support for ordinary schools to cater for students with SEN, we will increase the rates of the LSG by 30% in the 2014/15 school year, i.e. the grant per year per student requiring tier 2 and tier 3 support will be increased to \$13,000 and \$26,000 respectively and the basic provision per school per annum for the first one to six students requiring tier 3 support will also be raised to \$156,000. In subsequent school years, we will also adjust the grant rates and the ceiling of the LSG for each school annually according to the change in the Composite Consumer Price Index (CCPI). Schools may pool together and deploy flexibly the LSG and other school resources for employing additional teachers, teaching assistants or hiring professional services, etc. to render appropriate support for the students with SEN.

40. For successful implementation of integrated education, enhancing the professional capacity of teachers in catering for students with SEN is crucial. In this regard, EDB will continue to provide systematic training courses for teachers, and adjust the training targets having regard to the actual

⁴ Current provision of LSG is as follows:

- (a) A basic provision of \$120,000 per school per annum for the first one to six students requiring tier-3 support;
- (b) A grant of \$20,000 per student per annum for the seventh and each of the other students requiring tier-3 support;
- (c) A grant of \$10,000 per annum for each student requiring tier-2 support; and;
- (d) The ceiling for each school is \$1.5M per annum

circumstances. We will also continue to monitor schools' deployment of resources and implementation of support measures through various means, including regular visits to schools and collecting feedback from the sector and different stakeholders. We have been keeping in view the implementation of integrated education on a regular basis so that improvement measures can be introduced where necessary and feasible. At the same time, we are fully aware of the importance of public education in promoting integrated education and have been arranging various promotion activities, including the recent production of a TV Announcement in the Public Interest. We will continue to organise activities through different media and means to enhance public understanding of integrated education and to promote the concept of integrated education as well as effective measures, thereby creating a caring and inclusive society.

(ii) Special Education

41. To further enhance the support for special schools in catering for the students with more severe or multiple disabilities, we will implement the following measures with effect from the 2014/15 school year:

- (a) To improve the teacher assistant (TA) establishment in schools for children with physical disability, schools for children with severe intellectual disability (ID), the school for children with visual impairment (VI) cum ID as well as the psychiatric classes of the hospital school to 1 TA per class, and provide schools for children with mild ID and schools for children with moderate ID with TA at the ratio of 1 TA per 2 Resource Teachers for Autistic Children, so as to enhance learning and teaching and pastoral support;
- (b) To reduce the class size of the school for children with VI and schools for social development from 15 students per class to 12 students per class progressively by grade level and by year, so as to enhance learning and teaching;
- (c) To provide the boarding section of special schools with an additional grant to support the schools in catering for boarders with medical complexity. The amount of grant each school will receive will be subject to the number of such boarders and their medical conditions. The grant rates per year for

these boarders will be \$15,000 or \$25,000 for a 5-day boarder, and \$30,000 or \$50,000 for a 7-day boarder. Each school with such boarders will receive a basic grant of \$160,000. The grant rates would be adjusted annually in subsequent years according to the change in CCPI;

- (d) To increase the staff establishment for weekend and Sunday boarding service, including houseparents, programme workers, nurses, janitor staff and cooks by improving the ratio for weekdays and weekend and Sunday to 1:0.7. The improved provision is to meet the operational needs of the boarding section of special schools for providing 7-day boarding service each week; and
- (e) To re-grade the posts of Enrolled Nurse in the boarding section of the school for children with VI, the school for children with hearing impairment and schools for children with moderate ID to Registered Nurse so as to enhance the nursing support for the boarders.

C. Enhancing Support for Needy Primary and Secondary Students

(i). Provision of Free Lunch at School

42. Starting from the 2014/15 school year, we will regularise the Community Care Fund (CCF) programme of providing free lunch at schools for primary students in receipt of full grant assistance under the Student Financial Assistance Schemes studying in whole-day public sector or DSS primary schools. It is estimated that about 66 000 eligible students will benefit. The CCF has launched the programme since the 2011/12 school year on a pilot basis to provide free lunch at schools to students in receipt of full grant assistance under the Student Financial Assistance Schemes studying in whole-day public sector or DSS primary schools. The implementation mode of the programme remained largely consistent from the 2011/12 to 2013/14 school year. EDB invited whole-day public sector and DSS primary schools via circular memorandum to inform parents of the programme. Advanced payment is provided to schools so that they may cover the lunch costs for eligible students on an accountable basis. EDB would verify the allocation at the end of the school year. In the 2012/13 school year, 505 primary schools participated in the programme, and there were over 60 000 needy student beneficiaries. The average daily lunch cost was \$17.4 per student.

43. Upon review, the programme especially its delivery mode (i.e. provision of lunch to eligible students through schools) is well received by stakeholders. According to feedback from stakeholders, the subsidy coupled with the implementation arrangements have ensured that the funding is fully spent on the lunch expenses of target students, providing them with a balanced and ample diet at school. Starting from the 2014/15 school year, we will provide public sector primary schools with a recurrent cash grant equivalent to the salary of a clerical assistant (please see the relevant paragraph below for details). The additional staff employed will help schools/teachers cope with the additional work arising from the programme such as recording students' information, handling accounts and answering enquiries from parents, etc.

(ii) Enhancement of the Flat-rate Grant under the School Textbook Assistance Scheme

44. The School Textbook Assistance Scheme (STAS) provides assistance to needy Primary 1 to Secondary 6 students attending public and DSS primary and secondary schools. Apart from a textbook grant for students to purchase essential textbooks (the subsidy amount is determined on the basis of the results of the Textbook Expenditure Survey conducted by the Consumer Council before the start of the school term), STAS also provides a flat-rate grant to students to cover various school-related expenses. In the 2013/14 school year, each student eligible for full grant receives a flat-rate grant of \$1,094, while each student eligible for half grant receives \$547. The flat-rate grant is adjusted annually according to the movement of CCPI.

45. In addition to expenses for textbooks, primary and secondary students have to incur miscellaneous school-related expenses every year, including school uniform, stationery, school club fee, air-conditioning charges, etc. Such expenses will impose certain degree of financial pressure on low income families. In consideration of this, the CCF has provided enhanced assistance under STAS in the 2013/14 school year by providing each eligible full grant primary and secondary student with an additional \$1,000 and half grant student an additional \$500 on top of the regular assistance under STAS.

46. The subsidies for full grant students under STAS in the 2013/14 school year are as follows –

Level of Study (Full-time)	Textbook grant	Flat-rate grant	Additional flat-rate grant funded by CCF	Total amount of STAS grant
Primary 1 to Primary 6	\$2,400	\$1,094	\$1,000	\$4,494
Secondary 1 to Secondary 3	\$2,778	\$1,094	\$1,000	\$4,872
Secondary 4	\$3,100	\$1,094	\$1,000	\$5,194
Secondary 5	\$2,548	\$1,094	\$1,000	\$4,642
Secondary 6	\$956	\$1,094	\$1,000	\$3,050

47. Starting from the 2014/15 school year, we will formally adjust the flat-rate grant of STAS by incorporating the additional grant funded by CCF into the STAS as a regularised assistance. In the 2014/15 school year, the textbook grant rates will continue to be determined on the basis of the results of the Textbook Expenditure Survey conducted by the Consumer Council before the start of the school term; while the flat-rate grant will be adjusted according to the movement of CCPI plus an additional \$1,000 flat-rate grant for full grant and \$500 for half grant students. We estimate that more than 260 000 students will benefit from the initiative.

(iii) Enhancing School-based After-school Learning and Support Programmes

48. To support needy students to participate in after-school activities with a view to facilitating their whole-person and all round development, EDB has implemented the School-based After-school Learning and Support Programmes (the Programme) since the 2005/06 school year. Currently, schools and NGOs are provided with the School-based Grant and Community-based Project Grant respectively to organise after-school activities for eligible participating students, i.e. Primary 1 to Secondary 6 students in receipt of the Comprehensive Social Security Assistance (CSSA) or full grant assistance under the Student Financial Assistance Schemes. In the 2013/14

school year, the funding for the Programme is about \$205 million⁵ of which about \$84 million is for the School-based Grant. Schools receive on average a grant of \$100,000, and the largest amount received by a school is over \$300,000. A total of 497 projects were organised by 183 NGOs under the Community-based Project Grant and the average allocation per project is about \$240,000 with the largest allocation at about \$1.44 million.

49. Upon review of the utilisation of funding under the Programme, we will, starting from the 2014/15 school year, increase the flexibility of the School-based Grant by increasing the discretionary quota allowed for schools from 10% to 25% to benefit more needy students who are identified by schools but not in receipt of CSSA or full grant assistance. In tandem, we will, based on schools' previous utilisation rate of the School-based Grant, provide schools with a relatively higher utilisation rate (say 80%) incentive funding when calculating the Grant. The objective is to encourage schools to fully utilise the School-based Grant and to deploy their resources flexibly with a view to enhancing the opportunities of needy students to participate in after-school activities. The implementation details will be finalised upon consulting the key stakeholders.

50. The provision of the Programme is complementary in nature. To cater for the diverse needs of needy students, the Government has also launched, apart from this Programme, various funding schemes to support schools and NGOs to organise extra-curricular activities and after-school tutorial services for needy primary and secondary students. EDB has launched the After-school Learning Support Partnership Pilot Scheme since the second school term of the 2011/12 school year to provide after-school learning support to needy primary students. The prominent feature of this pilot scheme is that it enlists the prospective teachers, i.e. local students who are undergoing full-time teacher training (including courses for Bachelor of Education and Post-graduate Diploma in Education), to be the tutors. CCF has also launched the After-school Care Pilot Scheme since the 2012/13 school year which aims at

⁵ The Programme is under regular review with subsequent refinement including, among others, the apportionment of the Programme into the "school-based programmes" and the "community-based projects" since the 2006/07 school year to better meet the different needs of target students. In the 2010/11 school year, the annual provision of the Programme has been increased to \$175 million upon the review enabling the NGOs to organise more after-school activities. Subsequent to the Government's review and relaxation of the family income threshold of the means test mechanism in respect of the Student Financial Assistance Schemes, the provision for the Programme has been further increased corresponding to the increased number of students receiving full grant assistance. In the 2013/14 school year, the provision of the Programme is about \$205 million.

encouraging schools and NGOs to extend the duration of after-school support services, increase the number of student beneficiaries and provide after-school activities with balanced academic and non-academic activities. On the other hand, the Hong Kong Jockey Club Charities Trust has launched the Life-wide Learning Fund since 2002 to provide more funding to schools to support their needy students to participate in after-school activities. In fact, these programmes have been set up at different times with different funding sources (funded by the Government or by charities fund) and some of the programmes are implemented on a pilot basis to explore new elements. In the long run, it is our plan to explore the feasibility of consolidating the various Government-funded programmes and to incorporate into our regular assistance programmes those elements which have been confirmed to be effective under the pilot schemes.

51. Besides, the Government is pleased to see that the business sector and community organisations have, on their own initiative, launched extra-curricular activities and after-school learning support programmes. To further encourage the business sector and organisations to collaborate with schools to facilitate the whole-person development of students from grassroot families, the Government will earmark another \$200 million on top of the original injection of \$200 million. The additional funding will be provided on a matching fund basis under the Partnership Fund for the Disadvantaged to launch more after-school learning and support programmes for primary and secondary students from grassroot families. The Social Welfare Department will coordinate this initiative.

(iv) Additional Clerical Support for Primary Schools

52. The Government will provide an additional recurrent grant equivalent to the salary of a clerical assistant for public sector primary schools with effect from the 2014/15 school year. This will help schools to cope with the additional administrative and clerical work arising from the implementation of various initiatives, in particular those relating to poverty alleviation.

D. Enhancing Support for Needy Post-secondary Students

(i) Subsidising students to participate in cross-boundary exchange activities

53. We strive to strengthen Hong Kong's position as a regional education hub. In this regard, we encourage student exchange activities between local institutions and their overseas partnering institutions. Not only will two-way student exchanges benefit outgoing students by broadening their global exposure, but they will also help internationalise local campuses by bringing in more non-local students through the reciprocal exchange arrangement.

54. In the 2012/13 academic year, there were about 4 600 incoming exchange students in the UGC-funded sector, and a similar number of outgoing Hong Kong students on exchange in the same year. That means, around every one out of four of our undergraduate students had the opportunity to participate in exchange activities during their study period. We also take note of some institutions' plan to further promote student exchange activities. This notwithstanding, some needy students feel inhibited from joining exchange programmes as they need to contribute part of the expenses for joining such programmes.

55. EDB recommends that a means-tested subsidy of up to HK\$15,000⁶ be provided for needy students pursuing full-time locally-accredited undergraduate degree or sub-degree programmes and receiving student financial assistance to participate in exchange programmes outside Hong Kong. The exchange programmes should be confined to those arranged by the institutions, and only students nominated by their institutions to participate in the exchange programmes are eligible to apply for the subsidy. We estimate that this initiative would benefit around 9 800 post-secondary students per year.

(ii) To provide hostel subsidy to needy undergraduate students

56. The Policy Address said the Government will invite the CCF Task

⁶ The actual amounts of subsidy for individual students will be calculated in accordance with their results of income test and asset test at the Student Financial Assistance Agency.

Force to consider enhancing the support for needy post-secondary students in two aspects.

57. The first aspect is to provide hostel subsidy to needy undergraduate students who reside in student hostels. Hostel life is an important learning experience for undergraduate students. It can provide students with valuable learning experience outside classroom as well as opportunities for social interaction. However, some needy students may forgo the opportunity to reside in hostels due to financial difficulties. According to the prevailing student hostel policy, for UGC-funded institutions, undergraduate students should be given the opportunity to stay in student hostel for at least one year of their study period. In addition, undergraduate students whose daily traveling time exceeds four hours should be provided with student hostel places. On the other hand, self-financing institutions also provide, subject to availability of resources, hostel places to respective undergraduate students. At present, eight UGC-funded institutions and two self-financing institutions are providing about 20 000 student hostel places to their local undergraduate students and the hostel fee (based on double-room rate) ranges from \$8,100 to \$14,600 per student per year.

58. We will invite CCF to consider to provide, on a pilot basis, hostel subsidy in the form of grant to needy undergraduate students.

(iii) To enhance the support for needy students pursuing self-financing post-secondary programmes

59. The Policy Address also mentioned that we will invite CCF Task Force to consider increasing the academic expenses grant for needy students pursuing eligible self-financing post-secondary programmes.

60. At present, students pursuing full-time locally-accredited self-financing sub-degree and degree programmes may apply for financial assistance through the Financial Assistance Scheme for Post-secondary Students (FASP). Students who pass the income and asset test are provided with grant to meet tuition fee and academic expenses, and low-interest loan to cover living expenses.

61. In the 2013/14 academic year, under FASP, the maximum tuition

fee grant is \$68,110, the maximum academic expenses grant is \$4,700 and the maximum living expenses loan is \$40,960. The maximum assistance levels are adjusted annually according to the movement of the Consumer Price Index (A). With a view to enhancing the support for needy students pursuing self-financing post-secondary programmes, we will invite CCF to consider to increase, the maximum amount of the academic expenses grant under FASP to assist them in meeting their academic expenses.

(iv) To alleviate the financial burden of fresh graduates who have borrowed student loans

62. The Government administers the means-tested financial assistance schemes (providing grant and loan) and the non-means-tested loan schemes to assist tertiary students to pursue education. In the 2012-13 and 2013-14 Budgets, the Government introduced a measure to give student loan borrowers who complete their studies in these two years the option to start repaying their student loans one year after completion of studies. Since the measure can effectively alleviate the financial burden of fresh graduates and allow them more time to secure a stable job, the Government will regularise this measure with effect from 2014. We estimate that about 23 000 student loan borrowers will benefit each year.

63. To alleviate the repayment burden of student loan borrowers, the Government has implemented a series of improvement measures, including lowering the interest rate and extending the repayment period, since the 2012/13 academic year. For means-tested loans, the interest rate has been reduced from 2.5% to 1% per annum and the standard repayment period has been extended from five years to 15 years. For non-means-tested loans, the risk-adjusted-factor rate has been reduced from 1.5% to 0% per annum (subject to review three years after implementation). The prevailing interest rate is 1.395% per annum. The standard repayment period has also been extended from ten years to 15 years. Regarding the repayment amount, based on the median means-tested loan of \$42,100 borrowed by students who graduated in 2012, after lowering the interest rate and extending the repayment period, the monthly repayment amount of loan borrowers has been significantly reduced by 66% from \$750 to \$250. On the basis of the median non-means-tested loan of \$70,000 borrowed by graduates of the same year, after lowering the interest rate and extending the repayment period, the monthly repayment amount of loan

borrowers has been reduced by nearly 40% from \$730 to \$450.

E. Enhancing Support for Needy Students Pursuing Eligible Programmes Below Sub-Degree Level

64. The existing student financial assistance schemes offered by the Government mainly target students studying in primary and secondary schools, and those pursuing sub-degree, and degree or above level programmes. In recent years, there has been an increase in the number of students pursuing programmes below sub-degree level (such as Yi Jin Diploma (YJD) and the Foundation Diploma programme offered by VTC). Apart from the YJD students who are eligible for tuition fee reimbursement under the Student Financial Assistance Agency (SFAA), students pursuing below sub-degree programmes may only apply to SFAA for travel subsidy, internet subsidy and non-means-tested loan. We consider there is the need to enhance financial assistance for needy students pursuing below sub-degree programmes. In the 2013/14 school year, CCF has launched a programme to enhance the support for eligible students pursuing below sub-degree programmes in two aspects, including the introduction of a tuition fee reimbursement mechanism, and provision of a flat-rate academic expenses grant for students. The Government will regularise the programme starting from the 2014/15 school year.

65. As the programmes below sub-degree level are generally equivalent to Secondary 3 to 6 level, establishing a tuition fee reimbursement mechanism for students is more appropriate than setting up a grant or loan scheme (which is applicable to post-secondary students). On the other hand, students pursuing below sub-degree programmes also need to meet certain academic expenses. In order to relieve their financial burden, we will disburse a flat-rate academic expenses grant to them, which will be at the same rate as the flat-rate grant for primary and secondary students.

66. In order to ensure the quality of the programmes, student beneficiaries should meet all the criteria below:

- (a) they are pursuing full-time programmes below sub-degree level;
- (b) they are pursuing Government-subsided programmes; for self-financing programmes, the following conditions must be satisfied:

- i) the programmes are accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications;
 - ii) the tuition fee levels are approved by EDB; and
 - iii) the programmes are accepted by the Civil Service Bureau as meeting the entry qualification of civil service grades requiring Level 2 in five subjects, including Chinese Language and English Language, in HKDSE;
- (c) they are eligible for full or half grant assistance under SFAA's means-test mechanism; and
- (d) their families are not CSSA recipients, since "school fees and school-related expenses" are already covered by the "special grants" under CSSA.

67. Students meeting the above criteria will be eligible for tuition fee reimbursement, regardless of the programme duration. Students eligible to receive full or half grant under SFAA will be eligible to receive reimbursement of 100% or 50% of the tuition fees respectively. If students pursue programmes of duration at one year or above, they may also receive full or half level of the flat-rate academic expenses grant.

68. In the 2014/15 school year, it is estimated that 3 600 students will benefit from the tuition fee reimbursement mechanism. They are all full-time VTC students pursuing programmes below sub-degree level. It is estimated that 7 200 students will benefit from the flat-rate academic expenses grant, among them 2 100 are full-time YJD students and 5 100 are full-time VTC students pursuing below sub-degree programmes.

Education Bureau
16 January 2014

Proposed Short-term Measure for Kindergarten Education

PROBLEM

The Government set up in April 2013 the Committee on Free Kindergarten Education (the Committee) to make recommendations on how to practicably implement free kindergarten (KG) education. Over the past year, the Committee has been actively communicating with the KG sector and different stakeholders to gauge their views and conducting in-depth study on various issues relating to KG education. During this period, there have been calls from the KG sector for the Government to introduce, before the new policy of free KG education is implemented, short-term support measures to help the sector meet their operating costs that have been increasing in recent years, in particular in teachers' salary and rental. While the KGs may increase their income to cover the expenses by adjusting their school fees, they are in general reluctant to do so in consideration of the financial burden of parents. KGs consider that increasing the voucher subsidy under the Pre-primary Education Voucher Scheme (PEVS) is an effective short-term measure to alleviate the problem.

RECOMMENDATIONS

2. Based on the views of various stakeholders, the Committee has proposed some short-term measures (see paragraph 10-11 for details) with a view to providing support for the sector before making recommendations on the policy on free KG education. After carefully considered the short-term measures proposed by the Committee, we recommend increasing the voucher subsidy by \$2,500 per year in the 2014/15 and 2015/16 school years. With the proposed rate of increase, the voucher subsidy will be adjusted from \$17,510 per student per annum (pspa) in the 2013/14 school year to \$20,010 pspa in the 2014/15 school year and \$22,510 pspa in the 2015/16 school year.

3. In the 2013/14 school year, the fee thresholds for KGs under PEVS are \$26,260 and \$52,520 pspa for half-day (HD) and whole-day (WD) classes respectively. As a result of the increase in voucher subsidy, the fee threshold under PEVS would also be adjusted¹. After adjustment, the fee thresholds for HD and WD KG classes would become \$30,020 and \$60,040 respectively in the 2014/15 school

¹ In accordance with the established mechanism, the fee threshold for HD KG classes under PEVS is set at 1.5 times of the voucher subsidy, while the fee threshold for WD KG classes would be 2 times that for HD KG classes.

year, and \$33,770 and \$67,540 respectively in the 2015/16 school year.

4. Besides, we also recommend adjusting the fee remission ceilings under the Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS) from the weighted average fees of the KGs under PEVS to the 75th percentile of the school fees of the respective KGs.

JUSTIFICATIONS

Operating Difficulties of KGs under PEVS

5. The Committee acknowledged the strong demand in the KG sector for raising the salary of KG teachers, reviewing the rent reimbursement scheme and providing additional support for KGs not benefitting from rental reimbursement. The KG sector has also expressed views that the increase in voucher subsidy has been inadequate, as the current adjustment in voucher subsidy according to the changes in the Composite Consumer Price Index (CCPI) could not meet the growing operating expenses of KGs, in particular in teachers' salary and rental.

6. In the Audit Commission (AC)'s Report No. 60 released in March 2013, the report on PEVS suggested that the Government should conduct regular review on the fee thresholds. AC considered that in its forthcoming review of KG education, the Education Bureau (EDB) needs to devise, as appropriate, a suitable mechanism for regular review of the fee thresholds to take into account factors other than changes in the CCPI to build in flexibility and to enhance the sector responsiveness to changes in circumstances. Besides, in the Public Accounts Committee (PAC) Report on PEVS released in July 2013, the PAC pointed out that if the voucher value and fee thresholds could not be adjusted upward to take into account the increase in rental and salaries to attract/retain quality KG teachers, it may induce some KGs under PEVS to leave the scheme, suppress their staff salaries, charge higher miscellaneous fees or in extreme cases, close down. All these will be unfavorable to the development of KG education.

7. It is worth noting that for KGs participating in PEVS in the 2012/13 school year, the staff salary-related expenditure is about 70-75% of the total operating expenditure. In the 2011/12 and 2012/13 school years, the rates of increase in the voucher value in accordance with the CCPI adjustment were 5.0% and 4.2% respectively, which were lower than the rates of increase in the average salary of KG teachers (i.e. 5.2% and 4.4%). Some KGs have expressed that they were unable to

offer more attractive salaries due to limited budget, and hence have difficulty in employing and retaining good teachers.

8. As for the rental cost, while we do not have information on the increase in rental expenses of KGs, according to the information provided by the Rating and Valuation Department, in the 2011/12 and 2012/13 school years, the average rate of increase in the rental of non-residential property in Kowloon and Hong Kong Island was more than 2 times higher than the changes in CCPI in the same year.

9. Since its establishment in April 2013, the Sub-committee on Funding Mode under the Committee has been exploring practicable short-term measures to address the demand of the KG sector and the concerns of PAC as mentioned above. During the discussion, representatives from the KG sector unanimously agreed that the most imminent issue was to raise the teachers' salary with a view to retaining talents for a more stable team of KG teachers. Without government subsidy, the KGs would have to obtain more resources by increasing their school fees, which would result in transferring the respective expenses indirectly to parents. Yet, under the fee thresholds set under the PEVS, some KGs are unable to increase the school fees to meet the related expenses. Besides, some representatives of the sector also had concern about the pressure faced by KGs not receiving rental reimbursement in meeting the rental costs.

10. According to our understanding, the Committee proposed the short-term support measures to EDB based on the following principles-

- the measures should be based on the existing mechanism so that they can be implemented practicably and expeditiously;
- the financial implications are affordable to the Government; and
- the short-term support measures should not pre-empt the ultimate recommendations of the Committee.

11. The proposals put forward by the Committee with respect to increasing the subsidy to PEVS KGs and parents are as follows-

- Additional subsidy should be provided for KGs under PEVS in the 2014/15 and 2015/16 school years. For the amount of subsidy, reference should be made to the teachers' salary and other operating costs of KGs (including rentals);
- The additional subsidy may be provided in the form of increased voucher

subsidy or one-off grant. In the case of increasing the voucher subsidy, the rate of increase is proposed to be not less than 10% each year in the 2014/15 and 2015/16 school years; and

- Consideration should be given to enhancing the KCFRS in order to provide greater financial assistance to the needy families.

Proposed one-off measures

Increasing voucher subsidy and school fee thresholds under PEVS

12. After careful consideration of the Committee's proposals, we consider that increasing government expenses on KG education by means of increasing the voucher subsidy can help to alleviate the pressure of KGs in meeting the increased operating costs on the one hand, and maintain the affordability of KG education for parents on the other. On the contrary, providing a one-off grant for KGs can only help the KGs cope with transient and/ or one-off expenditure. It cannot help KGs meet the recurrent expenditure, such as teachers' salary and rental payment, which can be achieved through an increase in the voucher subsidy. In addition, with the increase in the voucher subsidy, the fee thresholds will be adjusted upward correspondingly. This will allow the KGs more room to increase the school fees to meet the teachers' salary, rental and other operating expenses, instead of passing the costs onto parents.

13. Taking into consideration the operation of HD KGs under PEVS, we recommend increasing the voucher subsidy by \$2,500 per year in two consecutive school years starting from the 2014/15 school year. Based on the voucher subsidy of \$17,510 pspa for the 2013/14 school year, the increased voucher subsidy would be \$20,010 and \$22,510 pspa in the 2014/15 and 2015/16 school year respectively.

14. Under the prevailing practice, the fee threshold for HD KG classes under PEVS is set at 1.5 times of the voucher subsidy, while the fee threshold for WD KG classes would be 2 times that for HD KG classes. As such, the fee thresholds for HD and WD KG classes will be lifted to \$30,020 and \$60,040 respectively in the 2014/15 school year; and \$33,770 and \$67,540 respectively in the 2015/16 school year.

Lifting the fee remission ceilings under the KCFRS

15. Currently, children from needy families can apply for fee remission under the

KCFRS. The existing fee remission ceiling is set at the weighted average fees of PEVS KGs. With the enhancement of the voucher subsidy and lifting of the fee remission ceilings to the 75th percentile of PEVS KG school fees, children from needy families will have more choices in respect of KG education.

Implementation Arrangements

16. We plan to inform the KGs of the new school fee thresholds and other related arrangements in March 2014 for their consideration when applying for fee revision for the 2014/15 school year. This will enable the KGs to submit timely applications to the EDB so that we can process the application and inform the KGs of the approved school fees for the 2014/15 school year before the commencement of the school year.

FINANCIAL IMPLICATIONS

17. According to the student number projections under PEVS in hand, we estimate that the above proposed one-off measures on PEVS and KCFRS will incur an additional expenditure of \$900 million in total for the 2014/15 and 2015/16 school years.